

# **Working Draft - Highways FY 2007-2012 Six-Year Improvement Program**

April 2006

- The Six-Year Program for highways allocates available funding to specific projects - \$6.9 billion for six years
- In addition to interstate, primary, and urban projects, the \$6.9 billion also includes the allocation of funds to the secondary system, federal funds budgeted to maintenance, federal earmarks, and highway funds used for public transportation projects, including Dulles Rail

	FY 07-12 Working Draft
Available Funding	\$6.9 billion
Federal Funds to Maintenance	\$1.0 billion
Federal Funds Allocated by MPOs	\$0.7 billion
Federal Safety Programs	\$0.2 billion
Interstate System	\$2.0 billion
Primary System	\$1.2 billion
Secondary System	\$0.7 billion
Urban System	\$0.6 billion
Total Systems, including \$0.8 billion in federal earmarks and special programs	\$4.5 billion

- Last month, the financial planning assumptions being made for developing the working draft of the six-year plan were provided
- Non-construction funding increases are limited to federal and state mandates, toll road increases, and cost increases for highway maintenance

	Fiscal Year						
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Total</u>
Debt Service	\$ 267.3	\$ 268.6	\$ 262.9	\$ 289.2	\$ 256.9	\$ 236.7	\$ 1,581.4
Other Agencies	40.8	40.9	41.0	41.1	41.3	41.4	246.6
Highway Maintenance	1,472.5	1,531.5	1,592.8	1,656.6	1,722.9	1,791.8	9,767.9
Operations, Tolls & Admin	397.8	411.1	426.6	439.0	448.1	470.6	2,593.2
Public Transportation	388.1	475.8	488.9	402.6	337.8	345.0	2,438.3
Ports and Aviation	59.3	61.5	63.7	65.9	67.8	69.8	388.0
Earmarks & Special Financing	566.7	412.4	408.6	343.8	318.3	366.1	2,415.9
Highway Systems Construction	<u>664.6</u>	<u>615.1</u>	<u>612.0</u>	<u>561.0</u>	<u>598.3</u>	<u>580.7</u>	<u>3,631.8</u>
Total	\$ 3,857.1	\$ 3,816.9	\$ 3,896.5	\$ 3,799.2	\$ 3,791.4	\$ 3,902.1	\$ 23,063.1

- Maintenance is largest budget item – 42% of all 6-year revenues
- Last 18 months have seen unusual cost spikes for materials
  - Oil & other petroleum-based product costs such as asphalt and fuels grew between 13 and 34 percent
  - Producer price indexes for cement, sand, stone, concrete grew by 7 to 9 percent
- Highway system maintenance inventory continues to grow including miles of roadway that VDOT must maintain
  - For example, about 388 lane miles were added to the secondary system in 2005 from development-related activity

- These additional maintenance costs require \$362 million in additional funding above that planned a year ago
  - \$270 million for VDOT-administered maintenance
  - \$92 million for locally-administered maintenance
- Goals for deficient pavements and acceptable bridge conditions are still in place
  - Also maintaining goal of reducing backlog of maintenance needs by 22% in 6 years
  - Continuing efforts to collect maintenance data from cities and two counties not in state system

- November 2005 State Transportation Revenue Forecast - \$255.9 million reduction for six years compared to a year ago
  - average annual state transportation revenue growth of 2.7% less than CPI
  - \$22.2 million reduction for FY 06 accounted for in FY 2007
- Federal revenues, which total \$6.4 billion for the six years, are up as a result of SAFETEA-LU

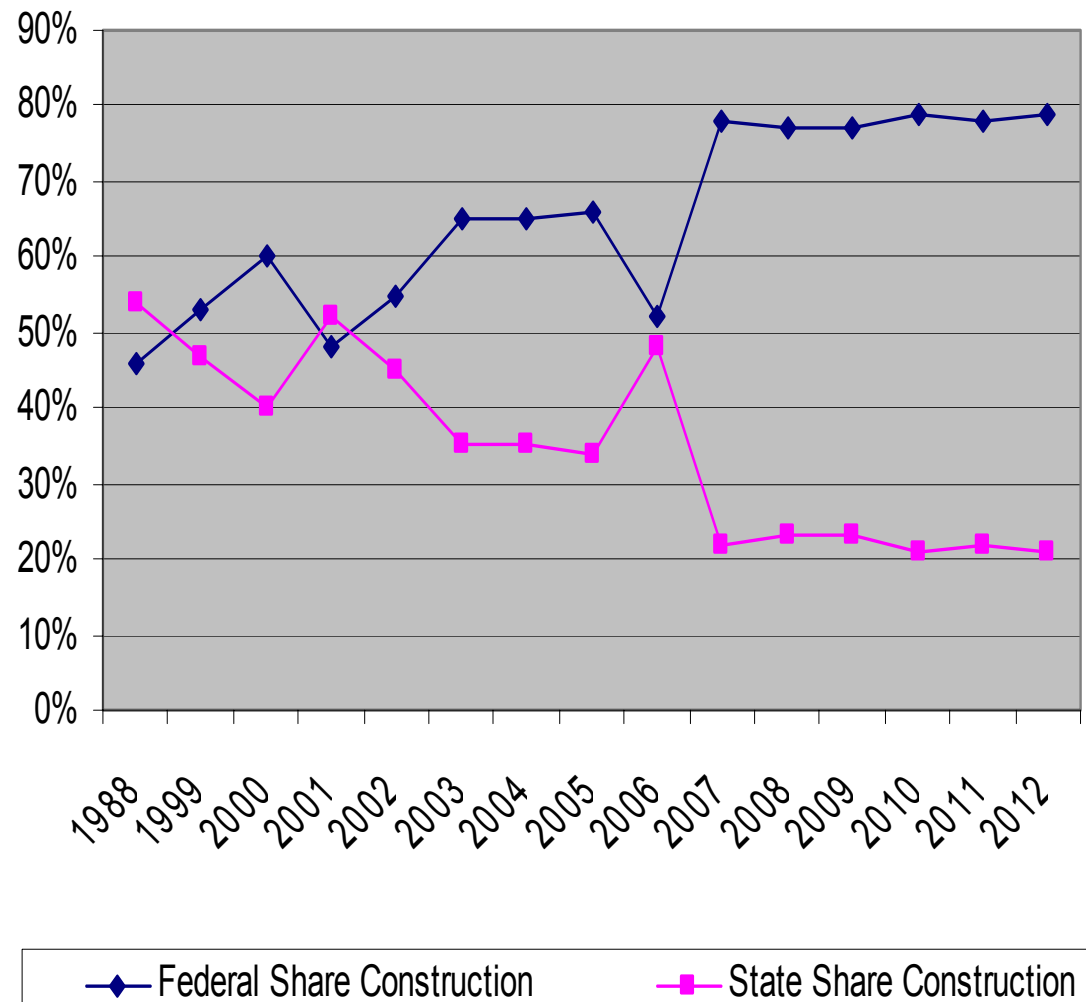


- SAFETEA-LU estimates of funding levels communicated in Fall 2005 - \$136 million average annual increase
  - \$127 of the \$136 million is designated to specific projects or programs and not for core construction
  - While signed in August 2005, funding is retroactive to 2004 and will expire in 2009; assuming fuel consumption growth estimate for 2010-2012
  - FY 06 Department of Defense budget requires reductions to most federal programs – notices communicated in last 3 weeks with \$7.2 million official spending impact to Virginia at this time

- As of today, there is no State budget for the fiscal year that begins July 1, 2006
- State law requires that official revenue estimates be used meaning that the working draft cannot assume any pending proposals, including
  - Dedication of insurance premiums for FRAN debt service - \$636 million for six years
  - One-time general funds for expenses such as matching federal earmarks – a cost of \$142 million

- To assure that no federal funds are lost, have budgeted \$329 million in additional federal funds to maintenance (total federal funds in maintenance of \$976 million)
- Only VDOT-administered maintenance is affected by federal fund shift and requirement that the federal funds be matched with state maintenance dollars
- Without this shift, the CTB would have been unable to match all federal funds in FY 2007

The federal share of construction funding has increased to 78% even with the increased use in maintenance



- Because the primary, secondary, and urban construction projects are the last items to be funded, they are the most affected by revenue swings and increased costs
- For the overlapping five years with last year's adopted program, formula funding has declined by \$870 million for these 3 road systems

- Of the \$6.9 billion, \$4.5 billion is for projects on the interstate, primary, secondary and urban system. The \$4.5 billion includes \$800 million in federal earmarks and special programs
  - \$2.0 billion for the interstate system
  - \$1.2 billion for the primary system
  - \$0.6 billion for the urban system
  - \$0.7 billion allocated to the secondary system
- The remaining \$2.4 billion includes program-level funding for federal maintenance, enhancements, MPO funds, safety, hazard elimination, and non-highway earmarks, rail and public transportation projects

- 503 construction projects underway
- 334 projects will go to construction
- 84 new projects, primarily earmarks and safety projects
- New MPO project selections are not incorporated

	FY 06-11 Final Program*	FY 07-12 Working Draft
Federal Funds to Maintenance	\$0.6 billion	\$1.0 billion
Federal Earmarks included in systems	\$0.1 billion	\$0.8 billion
Federal Safety	\$0.07 billion	\$0.2 billion
Interstate System	\$1.5 billion	\$2.0 billion
Primary System	\$1.5 billion	\$1.2 billion
Secondary System	\$1.0 billion	\$0.7 billion
Urban System	\$0.9 billion	\$0.6 billion
Total Systems	\$4.97 billion	\$4.51 billion
Total Funding in Draft	\$7.0 billion	\$6.9 billion

\*deficit funding omitted from system numbers for FY 06-11 comparison purposes



	FY 06-11 Final Program	FY 07-12 Working Draft
Line items	2,029	2,221
In Construction	419	503
Going to Construction	97	334
Right of Way	69	72
Preliminary Engineering	103	196
New Projects	103	84

- In 2003, the CTB adopted policy goals for project selection and developing the six-year program
- Some CTB goals have been enacted into law, including
  - Use Official Forecasts
  - Fund Maintenance First
  - Follow Debt Policy
  - No Deficits
  - Adopt a program by July 1<sup>st</sup> of each year
- Other CTB goals include:
  - Fund project phases
  - Use Realistic Project Estimates
  - Projects must be federally eligible
  - Focus on Safety
  - Focus on Bridges
  - Recognize alternatives

- The 2002 Auditor of Public Accounts report recommended that the CTB move to a “spending-based” six-year improvement program
- This recommendation corresponds to the CTB’s policy goals of realistic estimates and funding project phases
- Cost estimates on projects included in last year’s program have increased \$394.3 million or 6%
  - Some are increased material costs such as on Chincoteague Bridge and others are better defined improvements and schedules such as the I-64/264 interchange and small safety projects

- Federal interstate funding increased by \$500 million compared with last year's program - \$400 million is federal earmarks
- Projects continuing on schedule include –
  - Woodrow Wilson Bridge
  - Route 77 tunnel restorations
  - I-66 at Gainesville
  - I-66 widening in Prince William County
  - I-81 Stone Spring Rd Bridge
  - I-81 at Route 37
  - I-95 at Carmel Church
  - Springfield Interchange
  - I-95 4<sup>th</sup> lane
- SAFETEA-LU earmarks added funding to I-66 Gainesville, I-81 for safety improvements; I-73 (Martinsville); I-264 (Virginia Beach)

- Decrease of \$300 million in primary system funding from \$1.5 billion to \$1.2 billion with another \$120 million in federal earmarks
- Primary projects continuing on schedule include –
  - Rte 58 bridge replacement in Washington County
  - Rte 94 bridge in Grayson County
  - Rte 17/15 interchange in Fauquier County
  - Rte 30 State Fair project
  - Rte 205 Tide Mill Stream Bridge - Westmoreland
  - Rte 40 Black Water River Bridge - Sussex
  - Chincoteague Bridge
  - Rte 1 bridge replacement at Neabsco Creek
  - Rte 15 bridge in Prince William County
  - Washington Boulevard interchange in Arlington
  - Rte 50 Gilbert's Corner Roundabouts
  - Rte 360 Banister River bridge replacement in Halifax County
  - Rte 11/460 widening in Roanoke County
  - Barrett's Ferry Bridge bordering James City and Charles City

- Funding delayed primary projects include –
  - Rte 15 - Prince Edward County (had been fully funded for construction; now accruing for construction)
  - Rte 50 Traffic Calming in village of Paris (right of way on schedule)
  - Rte 50 widening in Fairfax County (right of way funding removed)
  - Rte 3 right of way acquisition in Culpeper delayed by 4 years but being converted to a federal project
  - Rte 208, Phase II, in Spotsylvania County – no construction funding
  - Rte 460 in Lynchburg reconstruction – was to begin design in FY 10
  - Rte 360 at Lee Davis Road in Hanover County
  - Rte 220 in Botetourt County (had been fully funded for construction; now accruing for construction)
  - Rte 130 Maury River Bridge replacement (right of way on schedule; had been fully funded for construction beginning in FY 2008)

- Decrease of \$320 million in urban system funding from \$928 million to \$608 million with another \$68 million in federal earmarks
- Cities set their project priorities. Urban projects continuing on schedule include -
  - Rte 250 Bypass Interchange in Charlottesville
  - Rte 337 Turnpike Road in Portsmouth
  - Rte 41 in Danville
  - Midtown Connector in Lynchburg
  - Berry Hill Road in South Boston
  - Rte 40 intersection improvement in Blackstone
  - Rte 60 Reconstruction in Richmond
  - Hawthorne Street Bridge replacement in Covington
  - Rte 11 interchange improvement in Lexington
  - East Reservoir Road in Woodstock

- Limited, if any, state cash payments to the first cities (Charlottesville, Virginia Beach, Hampton, Richmond) for administration of their construction programs will occur because of on-going projects that must be funded first
- Funding delayed urban projects include –
  - Holland Road in Virginia Beach
  - W Main Street stormwater management in Abingdon
  - Park Avenue in Norton
  - Military Highway in Norfolk
  - Richmond Road in Williamsburg
  - Piedmont Drive in Danville
  - Third Street Bridge Replacement in Farmville



- Other funding delayed urban projects include –
  - Princess Anne Road in Virginia Beach
  - Pinner's Point Payment by Portsmouth
  - Mill Road Extension in Alexandria
  - East Elden Avenue in Herndon
  - South Maple Avenue in Purcellville
  - Route 28 Overpass at Wellington Road in Manassas
  - Rives Road reconstruction in Petersburg
  - Route 1 widening in city of Richmond

- For secondary system, local Boards of Supervisors will also have to address \$321 million reduction in funding from \$1,018 million to \$697 million
  - Of the total available funding including unpaved roads, 63% will be federal
- Secondary projects already identified for delay include:
  - Meadowcreek Parkway in Albemarle County
  - Bold Camp Road in Wise County
  - Pole Green Road widening in Hanover County
  - Bailey's Bridge Road in Chesterfield County
  - McVitty Road in Roanoke County
  - Rolling Road in Fairfax County
  - Bill Young Mountain Road in Buchanan County

- April 25, 2006 – James City County Administrative Building at 6:30 p.m.
- May 3, 2006 – VDOT's Northern Virginia District Office at 6:30 p.m.
- May 9, 2006 – VDOT's Salem District Office at 6:30 p.m.
- Public comment on working draft of Program can be e-mailed to:
  - Six-Year Program @VDOT.virginia.gov

- By May 5, receive MPO project selections (they are completing air quality analysis for federal Statewide Transportation Improvement Plan due Sept 2006 and in some cases constrained long-range plans)
- By mid-May, VDOT districts revise project schedules and estimates based on funding availability
- By June 1, incorporate any revenue and spending adjustments into budgets and Program
- Between June 1-June 14, finalize final draft of Six-Year Improvement Program for CTB review
- On June 15 CTB adopts FY 2007-2012 Six-Year Improvement Program and Budgets

- The working draft includes \$6.9 billion in funding
- There is \$870 million less in formula funding for the primary, secondary, and urban systems of highways
- Of the funding available to these systems, almost 80 percent is federal
- \$800 million in federal earmarks in the interstate, primary, urban and secondary systems further limits the decreasing program
- Construction funding, both state and federal, are increasingly being used to finance maintenance costs